

# ROCKY CREDIT UNION

Ownership. Community. Innovation.



## COMMUNITY UPDATE

June 2009

### A Few Words From Our CEO, Daniel Johnson

#### Market Conditions and Rocky Credit Union (RCU)

We are all aware of the global economic crises and that elements are starting to impact our community. Rocky Credit Union is a strong financially viable credit union, but like all financial institutions, we do feel the effects from current economic conditions. The recent radical drops in the Bank of Canada overnight rate has been very beneficial for borrowers with variable rate loans, but has not been positive for financial institutions including RCU. The significant pressure on our profitability is partially offset by RCU's prudent cost management.

Strong organizations like RCU build capital to allow navigation through difficult times like these. Our capital base is very strong at 8.66% of our current assets – more than double the required regulatory levels.

#### Rocky Credit Union Prime Rate



Unlike large chartered banks, we do not have access to inexpensive funds from the Bank of Canada. For many years RCU Prime has been the same as the banks, however, the Rocky Credit Union prime rate is currently at 2.75% versus 2.25% at the major banks. In order to act in the best

interest of our members and protect the financial stability of our credit union, Rocky Credit Union does not plan to reduce RCU prime further than the current level.

#### So, where do we go from here?

Management consistently monitors all interest rates to ensure our loan and deposit rates are very competitive. Further, we will continue to provide members with the best service in town. As always, the Board of RCU will ensure a prudent level of capital and balance sheet strength now and into the future

Rocky Credit Union would like to thank you for your support as we all work together to ensure the long term success of our credit union. Please contact me directly at 403-846-4200 if you have any questions.

We remind all of our members that our deposits are 100% guaranteed by the Credit Union Deposit Guarantee Corporation (CUDGC).

**Our capital base is very strong at 8.66% of our current assets - more than double the required regulatory levels.**



Daniel Johnson  
Chief Executive Officer



### Good News Mortgage at Rocky Credit Union

**Rate Special**  
**2.99%\* for 1 year**      **3.99%\***  
**Ending Soon**      **for 5 years**

**Limited Time Offer**  
**Talk to us Today**

\*On Approved Credit  
Interest is compounded semi-annually  
2.99% APR is 3.0124%  
3.99% APR is 4.0298%

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# 6 Tips For Smart Home Buyers

Buying a home is usually the single largest financial decision that you make. It is often an emotional decision, and if you make poor choices you can pay for them for a long time. Hopefully the following tips can help you choose the best home for you and make your life a little easier.

**1 A house is a home, not an investment** - Across Canada, from 1930 to 2001, home prices grew at an annual average of about 0.7%. From 2001 to 2007 they grew at an average rate of 8% per year. It is most likely that home prices across the country will grow at a rate closer to the long-term growth rate than the one that happened earlier this decade.

The advantage of owning a home is that a portion of your mortgage payment builds up equity rather than simply paying rent and not keeping any of your payment. This makes owning a home valuable in the long-term because your equity grows more and more each year. If you are planning only to live somewhere for a year or two, you may be better off renting, as you may not be able to gain enough equity in your home in 2 years to cover the closing costs of purchasing a home. Your priority should be on selecting a place you want to live, not how much the house might grow in value.

**2 Choose a home that meets your needs first, not your wants** - When looking at buying a house, buy one that will meet your needs for the next 5 to 7 years. This will help keep your mortgage payments more affordable and allow you to invest in your home through extra payments or reduce your more expensive debt, like credit cards. Buying too big of a home means your payments will be higher, and your energy, heat, and property taxes will cost more.



If you pay off your mortgage in 15 years instead of 25, that gives you 10 additional years to allocate money to other things like your retirement or children's education.

**3 A Mortgage is a long-term commitment** - Once you have signed a contract for a mortgage, it usually isn't very easy to get out of the contract. There are fees and penalties if you break the contract early. You may be making those payments for a long time. You can reduce your payments by making a larger down payment or choosing a less expensive house. Remember, your mortgage payments will impact how much you can spend elsewhere in your life.

**4 Extra payments pay off long-term** - Any extra payments will decrease the length of time you are paying for your home. A mortgage is usually the longest lasting debt you will have. A few extra payments, especially in the beginning, can greatly reduce the interest you pay overall. If you pay off your mortgage in 15 years instead of 25, that gives you 10 additional years to allocate money to other things like retirement or children's education. You should be able to pay down 20% of your mortgage each year without penalty.

**5 Think of the interest rates over the life of your mortgage** - Interest rates are at their lowest point in a century. The average 5 year mortgage rate since 1950 is about 9%. Eighteen months ago the average 5 year rate was 6.5%, and now it is 4.25%. As you choose your home and your mortgage payment, make sure you think about whether you can afford the payment when interest rates rise from the current record lows.

**6 Variable vs. fixed mortgages** - The variable mortgage often has a slightly lower rate than a fixed mortgage, but there is risk that interest rates can go up, making you pay longer on your mortgage. Fixed rate mortgages let you know how much you pay every month and exactly how much will be left on your mortgage at the end its term. If you lose any sleep about rates going up, you should probably be in a fixed mortgage.

## We Protect Your information

We hold personal information about members to help us meet and maintain the highest standards of financial service. This information can include your name, address, age, income, use of accounts, credit history and Social Insurance Number.

We obtain this information from you directly, and from the product and service arrangements you have made with or through us. Information is also obtained with your permission from credit bureaus, other financial institutions, and from the references you provide us.

Before we collect, use or disclose your personal information, we will obtain your consent to the purposes that we ordinarily use this information for in order to provide you service. We will obtain your consent in writing when you become a credit union member, or if we need information for a new purpose.

If you are currently a member, we may possess personal information about you that we have collected and used prior to implementation of our Privacy Code, for which we do not have your express consent. We will continue to use that information for the purposes listed in our Privacy Brochure, unless you ask us to stop using information for specified purposes.

From time to time we may also rely on your implied consent to collect, use or disclose personal information, but we will only do this in cases where it is reasonable to assume your consent in connection with a service you are using.

We do not sell your information to third parties, or use it in any way we have not told you about.

You may contact us at any time to limit the uses and disclosures of your personal information should you choose to do so. You may limit or withdraw your consent at any time, subject to legal or contractual obligations. For example, we are required by law to provide a record of interest earned on your accounts to the Canada Customs and Revenue Agency, so you may not withdraw consent to the use of your Social Insurance Number for that purpose.

If you do not withdraw your consent, we will assume that we have your implied consent for the continued use of your personal information for purposes described within our Privacy brochure.

## Banking Quick Facts

- December 23, 2008 was a busy day for debit cards in Canada with 15.9 million debit card transactions processed.
- 31% of Canadians do not know the interest rate on their most used credit card.
- 94% of Canadian adults have a debit card.
- 80% of Canadians do not know their credit score.
- 58% of Canadian adults have more than one credit card.

## Board of Directors

Members vote for representatives to be on the Board of Directors. The Board of Directors is accountable to the Members of Rocky Credit Union. They direct the affairs of the credit union and maintain policies which are responsive to the needs of both Members and the credit union for competitive performance while protecting the Members' money. They govern the planning of the credit union to make sure we meet Members' needs both now and into the future. This is your 2009 Board of Directors.



Carson Stewart  
President



Donna Beagle  
Vice President



Ralph Otto  
Director



Don Forsyth  
Director



Jo Wuth  
Director



Sandra Herman  
Director



Fred Purdy  
Director

# 9 Ways To Teach Youth About Money

Teaching about money is often frustrating to parents. They try to instill certain values about money in their kids, but it seems like TV, friends and culture work against the parents. With these 9 tips, your kids' financial lessons might go a little more smoothly.

**1 Example** - We don't always realize it, but kids watch what parents do and then often mimic and learn to do the same thing. If a parent is constantly talking about the newest toy they want to get and going into debt to buy it, it is quite likely the children will follow suit. Youth don't understand why they can't have all the toys they want when it looks like the parent always gets the toys they want. Parents best teach spending restraint by practicing it themselves.

**2 Expose youth to money early** - Give kids an allowance so they can learn how to use a limited source of money. Whether you tie the allowance to chores or not is up to you, but what is important in teaching them about money is that youth actually have some for practice.

**3 Make money issues a regular part of life** - Involve children in spending decisions. Take them shopping with you and show them the prices of the things you buy. Let them know you have a budget for the trip, and let them help choose some of the items you purchase. This will help them understand costs and that money is a finite source.

**4 Give them choices** - Give children choices on how they spend their money. Life is full of financial choices, and the sooner that youth feel comfortable in making those

decisions, the better off they will be.

**5 Let them make mistakes** - People learn from mistakes, and children are no different. If they want to purchase something you think is worthless, explain to them that they could buy other things of better value. However, once the child has made the decision, you should try not to bail them out by buying the better item anyway. In the long-run, they are better off learning small lessons the hard way than making these mistakes later on in life when the impacts are much bigger.

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**6 Teach youth about budgeting and planning** - Children start off living in the now, and their spending will reflect this mind-set. Parents can help teach them about the long-term by helping them create a budget and a savings plan. Usually a child should get to spend about 50% of the allowance that month, with the other 50% split between savings and charitable donations.

**Teen Years** - As your children become teens, their financial lessons should grow into more than just spending and budgeting.

**7 Teach teens about credit** - Getting a loan can be a scary thing. Teach your children

about when to use credit, the cost of credit, and the importance of controlling credit.

**8 Teach teens about investing** - Once someone has developed a savings habit, the next step is to start choosing investments that can grow that money. Visit professionals to help your teen know of the different resources available to grow their money.

**9 Teach them about taxes** - As soon as they start earning an income, they will have to deal with taxes. Help them understand that taxes are a cost of living in this great country but that there are ways to reduce your tax burden.

Other things you can do is make learning about money fun. There are board games and online games that you can use to help your youth learn about finances. Some games, like Payday or the Game of Life, have been around for a long time.

For more information about Youth Finances, check out our Youth Finances Articles section on our website at [www.rockycreditunion.com](http://www.rockycreditunion.com).



## Planning Makes Life Easier

A budget is a financial plan that helps you to determine where your money goes instead of wondering where it has gone each month. It requires some self-restraint and planning, but in the end a good budget will allow you to do more of what you want in life than unplanned finances will. The following points can help you be in control of your spending and live life with less stress.

- **Keep track of your income and expenses.** Many people do not know what they actually bring home and where the money goes. Track all of your income and expenses for two months, and then break down your spending into categories. A lot of people are surprised by how much they spend eating out or on entertainment once they have the numbers in front of them. If you need to reduce spending, tracking is the first step to figuring out what can and should be cut.
- **Spend less than you take home.** That sounds pretty basic, but the average Canadian household owes 140% of their annual income because they have borrowed for vacations or used a credit card to purchase a big screen TV. By borrowing for these items, the actual cost of the vacation or TV increases because of the interest paid on the loan or credit card. By saving for these items, you can earn interest on your savings and actually pay less out of pocket for your purchase.
- **Use credit cards effectively.** Credit cards tend to have incredibly high interest rates. A typical credit card charges about 19% interest right now, and many charge as much as 24%. By paying off your balance each month you do not accumulate debt or pay the high interest. You may want to consider a Line Of Credit as the interest rates are usually much lower than credit cards.
- **Contribute to retirement.** Build up your retirement money, either through programs at work or on your own. Many people are living past 80 years old today, so you will need to save money to live on for quite a while. Your retirement savings will determine much about the life you live after you leave your career.
- **Insure for your needs.** At different stages of life you will need different levels of insurance. When you have children at home, you want to make sure that your insurance covers the cost of their care and future education. As they grow up and leave, you will not need as much insurance.
- **Update your will.** A will lets you ensure that your loved ones are taken care of when you are no longer able to do so yourself. It involves directions for allocating your estate and may give guidance as to who should care for your children. It is important to update it regularly to reflect the changing needs of your life.

## Need Some Help Buying That Car?



Like always, Rocky Credit Union is lending to people with good credit

Whether you are looking at purchasing a vehicle, financing a home, or consolidating loans into one simple payment, Rocky Credit Union has the financial service you need.

Helping members in the Rocky Region achieve financial security since 1944.

## Student Loans for College & University

School is expensive. Hopefully you've saved enough to pay for tuition, books and living expenses, but sometimes you may not have enough to cover it all. Rocky Credit Union has a Student Loan that can help you pay for what you need, and lets you worry about your studies instead of your finances. Our Student Loan is designed to help you out when your savings and Canada Student Loans don't cover it all. Come in and talk to a Consumer Relationship Officer about how we can make schooling a little easier.

# Community Support



The Rocky Credit Union Staff Team raised over \$1,850 for the Canadian Cancer Society Relay For Life event in May. Way to go team!!



Dan Johnson, CEO of Rocky Credit Union, presents the David Thompson 1st Scout Troop with a portable 3 burner stove.



Randall Sugden, VP Finance of Rocky Credit Union, presents Bill Kronen of the Western Wheels Classic Auto Club with a cheque to help out their Classic Car Shootout in June.



Left - Rhonda Peterson presents some prizes to Al Zenert for the Stacey Reiger Memorial Golf Tournament. Proceeds go to the Head Trauma Unit at the Foothills Hospital.



Right - Partner, FatCat, and Co-op Casey at a Relay For Life BBQ Fundraiser. Cooperating for a good cause.

## We Do Service Best

Rocky Credit Union has been serving members in the Rocky Region since 1949.

We work hard to provide the best of service, and we aren't afraid of members comparing us to the competition.

### Longest Service Hours In Town

Open from 9:30 am to 5:00 pm Monday through Friday

### More Staff To Serve You

We have trained a lot of friendly staff to help you get your financial transactions done quickly and efficiently.

### No Deposit Fees

You are not charged a fee when you deposit cheques, cash or coin. It doesn't even count as a transaction on your account.

### Online Cheque Images

We have had online cheque images for over 7 years, and there is no cost to look at them.

### 2 ATM Locations

A full service ATM at the Main Branch, and a cash machine at 4912 Main St., two doors north of the bowling alley.

403-845-2861  
www.rockycreditunion.com

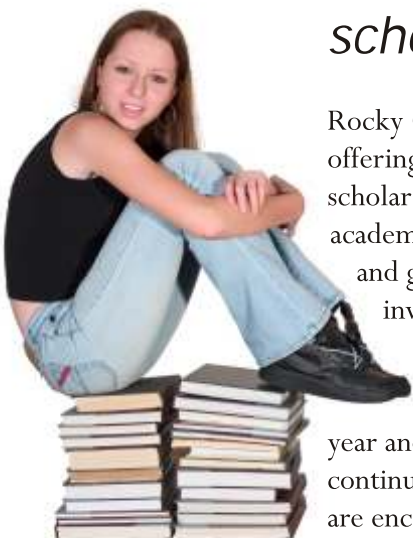


## 5 STUDENT AWARDS AVAILABLE FROM ROCKY CREDIT UNION

### \$500 academic scholarship

Rocky Credit Union is offering two academic scholarships, based on academic achievement and great community involvement.

Students who are graduating this year and planning to continue their education are encouraged to apply.



Go to our website to get your application. Application deadline is June 30, 2009.

### \$500 apprenticeship scholarship

Rocky Credit Union is offering two apprenticeship scholarships.

If you are graduating this year, aspire to work in a trade through apprenticeship, and demonstrate great community involvement, we encourage you to apply.



### Business & Finance Notebook PC Award

Rocky Credit Union is awarding a new Notebook PC to a member student who is graduating this year and pursuing a career in the field of business and finance.

Students who are graduating this year and are enrolled in a business degree or diploma are encouraged to apply.



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